



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
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June 28, 2006

VIA FACSIMILE (215) 580-2141
and FIRST CLASS MAIL

JUL 3 2006

Honorable Jan E. DuBois
12613 United States Courthouse
601 Market Street
Philadelphia, Pennsylvania 19106

Re: SEC v. Michael A. Liberty, et al.
Civil Action No. 06-1030 (E.D. PA) (JD)

FILED

JUL 10 2006

MICHAEL E. KUNZ, Clerk
By [Signature] Dep. Clerk

Dear Judge DuBois,

I am writing on behalf of both the Securities and Exchange Commission and defendant Michael A. Liberty in response to your Order, issued April 12, 2006, in which you directed the parties to file a supplemental status report on or before June 30, 2006. As you know, since my last status report letter, defendant Michael Liberty has retained new counsel, Jay Dubow, and has filed an Answer to the Commission's Complaint. Counsel for the Commission has conferred with Mr. Dubow, and we are continuing to explore the possibility of settlement. In connection with those discussions, Mr. Liberty recently submitted certain financial information for consideration by the Commission. We expect to have further discussions with Mr. Dubow during the week of July 3, 2006 concerning questions the staff has relating to the submitted materials, and the means by which Mr. Liberty must clarify and support the information contained in them. In addition, the staff continues to expect that it will be necessary to conduct Mr. Liberty's financial deposition after it completes its evaluation of his financial information.

I am available to discuss this matter further if Your Honor would like. Thank you for your consideration.

Very truly yours,

[Signature]
Kingdon Kase
Senior Trial Counsel

cc: Jay A. Dubow, Esquire (via facsimile)